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POINTS TO CONSIDER ON DEBT FUNDS:

1. Its a trend that when **equities go down debt goes up** , so its good opportunity to benefit from equity fall as well.
2. **Redemption Pressure** also pushes funds at times for a short period in a negative terrain.
3. **Debt funds fall of NAVs doesn't last for long.**
4. Actually this is the opportunity for the investors to get good returns in this volatile equity markets by investing in **long term debt funds**.
5. **Uncertainty in Equity Markets affects the Debt market returns.**

RISK PROFILE OF DEBT FUNDS:

Category	Interst Rate Risk	Credit Risk	Liquidity Risk
Overnight Fund	Low	NA	Low
Liquid Fund	Low	Low	Low
Ultra Short Duration Fund	Low	Low to Mod	Low to Mod
Low Duration	Low	Low to Mod	Low to Mod
Money Market	Low	Low to Mod	Low to Mod
Short Duration	Mod	Mod	Mod
Medium Duration	Mod	Mod to High	Mod to High
Medium to Long Duration	Mod to High	Mod	Mod
Long Duration	High	Low to Mod	Mod
Dynamic Bond	High	Low to Mod	Mod
Corporate Bond	Mod	Low to Mod	Mod
Credit Risk Fund	Mod	High	High
Banking & PSU Bond	Mod	Low to Mod	Low to Mod
Gilt Fund	High	NA	Low
10 Yr Constant Maturity Gilt	High	NA	Low
Floating Rate Fund	Mod	Mod	Mod

Risks in Fixed Income Investing

Liquidity Risk

- ▶ Bond liquidity is thin in Corporate Bonds, especially in lower rated bonds.
- ▶ Ways to reduce liquidity risk
 - ▶ Diversified Portfolio
 - ▶ Laddering of Portfolio Maturity
 - ▶ Adequate AAA /Cash Portfolio
 - ▶ Diversification of investor base & Distributor base

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